

W-01546A-11-0004

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ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORMInvestigator: Jenny GomezPhone: (Fax:Priority: Respond Within Five DaysOpinion No. 2011 92657Date: 1/20/2011Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Arizona Corporation Commission

DOCKETED

JAN 21 2011

Complaint By: First: Last:
John McElrathAccount Name: John McElrathHome: (

DOCKETED BY

Street:Work:City: ArivacaCBR:State: AZ Zip: 85601is:Utility Company: Arivaca Townsite Cooperative Water Co.Division: WaterContact Name:Contact Phone:Nature of Complaint:

*****DOCKET NO. W-01546A-11-0004*****

REF: Arivaca Townsite Cooperative Water Co.

To: The Arizona Corporation Commission

Re: Docket # W 01546A - 11 - 0004

Application of Arivaca Townsite Co-operative Water Company, Inc. for a Rate I
Increase

Subject: Customer Comments

Background: Applicant is a small rural water company, a member-owned cooperative, formed to serve the needs of the residents of Arivaca Townsite, an unincorporated community in southern Pima County. It currently serves about 125 households, all in or adjacent to Arivaca Townsite.

For many years the company was operated by Eugene Bailey, who provided water service at a flat rate of \$4 per household. No meters. No billings. You just sent in your \$4, and if you forgot, you eventually got a call or a notice.

Subsequently, the company got a grant and installed new plastic pipe and meters. This created a need for meter readers, bookkeepers to compute individual billings for each meter, printing and mailing of bills, etc. All of which "modernized" the company considerably, but deteriorated the service to its customers.

Most of Applicant's customers are elderly people living on a fixed income, who cannot afford a dramatic water rate increase.

1. Applicant's profitability is essentially irrelevant, so long as it is financially sound. Applicant is not supposed to be a profit-making enterprise, nor is it supposed to return a fixed percentage of invested capital. Its sole reason for existence is to provide its customers with basic water service at the lowest possible price consistent with sound management

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It should also be noted that over the years, Applicant's operating income has been supplemented by various grants, the most recent being from Pima County to install a pressure regulating device and to buy a new computer and printer (at what sounds like an outrageous price.)

2. While some of Applicant's losses have been of its own making in the sense that they were foreseeable and preventable, it is probably unfair to expect significant expertise from an unpaid board and part-time, non-professional management and staff. Overall, they've done a pretty good job.

3. The water rate increase requested by applicant is not in fact 100% as stated, but effectively 200%, since they propose to provide only half as much water at double the current price. In any event, it is utterly unrealistic.

4. Applicant is entitled to some rate increase to offset the effects of inflation and increased costs, particularly electricity. The increase should be calculated to provide a reasonably comfortable operating margin.

5. The basic allowance of 4,000 gallons per household should be retained. Following the usual rule of thumb of 150 gallons per day per household, the result would be 4500 gallons per month. 4,000 gallons is not unreasonable, but should not be reduced by any amount.

6. The basic monthly rate should be increased to offset Applicant's expenses, but should not rise above \$12 per month. This would provide Applicant with roughly a 50% increase in operating income and a comfortable margin.

Some of Applicant's service charges might be adjusted upward slightly, but most appear more than adequate at present levels.

Respectfully submitted,

John M. McElath

Arivaca, Az 85601

cc Arivaca Townsite Co-op Water Co.

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Noted and filed for the record in Docket Control.

End of Comments

Date Completed: 1/20/2011

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